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# Understanding the rural third sector: insights from Veblen and Bogdanov

Understanding  
the rural third  
sector

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## Abstract

**Purpose** – Despite the worldwide importance of third sector organizations in rural areas, the theoretical connection between the third sector and rural development remains largely unexplored. The purpose of this paper is to develop a theoretical explanation of why and how third sector organizations contribute to rural development.

**Design/methodology/approach** – The paper builds upon the institutional economics of Thorstein Veblen and the tektology of Alexander Bogdanov. Tektology is used as an instrument to bring Veblenian criticism of pecuniary culture to bear on the explanation of the rural third sector.

**Findings** – Based on the tektological law of systems divergence, the Veblenian pecuniary-industrial dichotomy and rural-urban disparities are shown to be interrelated evolutionary consequences of pecuniary culture. Third sector organizations' contribution to rural development is explained in terms of the tektological notion of counter-differentiation. Applied to pecuniary culture, counter-differentiation involves attenuating its basic ingredients, such as private ownership and pecuniary motivation. This is achieved through third sector organizations' characteristics such as profit appropriation constraint and nonpecuniary goal orientation, respectively.

**Originality/value** – The paper identifies the institutional economics implications of the general systems theory and utilizes these implications to inform the research on the internationally relevant problem of rural development.

**Keywords** Systems theory, Rural economies, Third sector, Rural development, Tektology, Institutional economics, Veblen, Bogdanov

**Paper type** Viewpoint

## 1. Introduction

According to the World Development Report, 2009, all over the globe, urbanites enjoy both higher private earnings and better public services than inhabitants of rural areas. Rural-urban disparities are particularly dramatic in the developing parts of the world (World Bank, 2009). As a result, “poverty is not only widespread in rural areas, but most poverty is rural” (Ashley and Maxwell, 2001, p. 395). In both developing and developed countries, persisting rural-urban disparities provide the basic justification for rural development as a field of policy and scholarship (van der Ploeg *et al.*, 2000).

A central theme in the rural development literature has been the comparative analysis of markets and states as the driving forces of this process. Yet, particularly since the 1990s, rural development debate is increasingly framed in terms of participation, empowerment, and governance, each of which underscores the limitations of both market- and state-led approaches (Ellis and Biggs, 2001). Indeed, a distinguishing



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characteristic of the modern rural development scholarship is the increasing attention paid to NGOs, partnerships, and other organizations that can be associated neither with the market nor with the state, i.e. third sector organizations (McAreavey, 2009; Uphoff, 1993). In developed countries, the role of the rural third sector is seen in the context of the shift “from government to governance” involving the increasing transfer of responsibilities from the state to the private for-profit and third sectors (OECD, 2006; Goodwin, 1998). In developing countries, the contribution of the rural third sector has been appreciated primarily as a result of relatively low effectiveness of both state- and market-led policies of agricultural and rural development (Kydd and Dorward, 2004).

However, despite the widely recognized importance of the rural third sector, and despite the highly advanced state of both rural development scholarship and third sector studies, the connection between rurality and the third sector remains largely unexplored in both literatures (Iliopoulos and Valentinov, 2009; Valentinov, 2009). The contribution of this paper is to fill this gap by developing a theoretical explanation of why third sector organizations are important in rural development. At the root of this explanation will be the idea of the evolutionary divergence between rural and urban areas in the course of economic development; third sector organizations will be shown to embody the institutional reaction to this divergence. The nature of this divergence, and the compensating role of the third sector, will be elaborated by building upon a combination of Thorstein Veblen’s institutional economics and Alexander Bogdanov’s general systems theory (Tektology), the latter of which has been discussed on the pages of this journal (Vallée, 2003; Zeleny, 1993).

The paper will proceed as follows. The next section will argue that the evolution of rural-urban disparities has an important institutional dimension that can be characterized in terms of the Veblenian notion of pecuniary culture. This will be followed by the presentation of some of the evolutionary ideas of Bogdanov’s Tektology, particularly the law of systems divergence. The rest of the paper will integrate the insights of Veblen and Bogdanov by demonstrating how pecuniary culture facilitates the progressive divergence between rural and urban areas, and how this divergence can be counteracted by third sector organizations.

## **2. Rural-urban disparities and pecuniary culture**

### *2.1 The institutional dimension of rural-urban disparities*

The origins of rural-urban disparities are the subject of the vast literature spanning regional economics and economic geography. At the root of this literature are advantages of agglomeration, such as economies of localization and urbanization (World Bank, 2009). Agglomeration is the central notion of polarization theories that explore the rationale behind growing divergences in the socio-economic development of regions and sectors. While originally rejected by the early neoclassical studies predicting convergence of regional development trajectories, the agglomeration idea has become central to the modern neoclassical literature on new economic geography (Krugman, 2002).

The important fact about agglomeration is its morally neutral character; the advantages of agglomeration arise from the objective phenomena of increasing returns to scale, imperfect competition, specialization, neighborhood externalities, learning, and innovation. Yet, critically-minded scholars recognize that the moral neutrality of agglomeration does not necessarily lead to the moral neutrality of the resulting

rural-urban disparities. While these disparities may have a lot to do with urban agglomeration, they are also a product of a particular institutional structure and the associated vested interests. An acclaimed example of this strand of theorizing is Lipton's (1976) theory of "urban bias" in the developing world. According to this theory, powerful urban classes influence public policy in such a way as to discriminate against the countryside. Rural-urban disparities in the quality of life are shown to evolve from the opportunistic pursuit of vested interests by urban elites.

More generally, the institutional dimension of interregional disparities is the key theme of regional polarization theories that have been inspired by the pioneering work of Myrdal (1957). Focusing on the disparities between the advanced and developing countries, Myrdal showed that these disparities can be exacerbated by the free trade through the process of circular cumulative causation. Myrdal has been particularly critical of the neoclassical economic theory that erroneously postulated the convergence of regional development paths and recommended trade liberalization. Further work on regional polarization applied Myrdal's reasoning to explaining the persistence of rural-urban disparities (Singh, 2009). Thus, according to Myrdal's reasoning, these disparities are often sustained and aggravated by institutions that facilitate the unhampered operation of the market.

By suggesting a possible causal relationship between market institutions and rural-urban disparities, the polarization literature questions the moral neutrality of these disparities and thus takes a critical stance toward the existing institutional structure of market economies. This stance, in turn, is the distinguishing characteristic of evolutionary institutional economics centered around the work of Thorstein Veblen, John Commons, and Clarence Ayres. Myrdal's work likewise is associated with this heterodox tradition (Berger, 2008). The central theme of this literature is the criticism of the constraining influence of static, backward, and past-looking institutions on progressive technology, understood in the broad sense of societal problem-solving. Rural-urban disparities in the quality of life provide an excellent field for exercising the suggested social critique. Indeed, the higher quality of life in cities illuminates the technological problem-solving potential that fails to be utilized in the less fortunate regions due to backward and past-looking institutions. From the perspective of evolutionary institutional economics, the whole matter of overcoming rural-urban disparities ultimately boils down to a fuller utilization of the broad technological potential by displacing the constraining institutions. The reasons why the institutions of the unhampered market can constrain the technological potential in this way are well captured in the Veblenian analysis of pecuniary culture which is the theme of the following subsection.

## *2.2 Veblen's criticism of pecuniary culture*

Veblen's criticism of pecuniary culture is centered around the so-called dichotomy between industrial and pecuniary behavior (pecuniary-industrial, or Veblenian, dichotomy) which is a unifying theme of much of his writing. For the present context, the significance of this dichotomy is in questioning the ability of the pecuniary economic system, embodied in the capitalistic for-profit sector, to effectively enhance the quality of social life, or "usefulness seen from the point of view of generically human" (Veblen, 1994, p. 61). Veblen understands pecuniary culture as a culture of emulation the driving motive whereof is differential advantage. The meaning of pecuniary culture

is in the orientation of business behavior toward differential advantage rather than toward the common interest of the community.

More specifically, in *The Theory of Business Enterprise*, Veblen (1958, p. 20) argues that the management of industrial affairs through pecuniary transactions dissociates “the interests of those men who exercise the discretion from the interests of the community”. Furthermore, for the businessman:

[...] the vital point of production is the vendibility of the output, its convertibility into money values, not its serviceability for the needs of mankind. A modicum of serviceability, for some purpose or other, the output must have if it is to be salable. But it does not follow that the highest serviceability gives the largest gain to the businessman in terms of money” (Veblen, 1958, p. 30).

Another implication of the dissociation of the interest of businessmen and that of community is found in the tendency of businessmen to “play at cross-purposes and endeavour to derange industry” (Veblen, 1958, p. 23). In contrast to beliefs in the public virtues of competition, Veblen (1958) views competition as the basic obstacle in the way of a better societal self-provisioning with goods and services.

Thus, pecuniary-industrial dichotomy locates the key problem of the for-profit sector in the possibility of pecuniary capitalization of both serviceability and disserviceability to the community at large. Pecuniary capitalization of disserviceability is at the heart of Veblenian thesis of the divergence between pecuniary and industrial employments. Unlike industrial employments, pecuniary employments (such as financial speculation) are disconnected from the material self-provisioning of society and are concerned exclusively with the differential pecuniary advantage that amounts to, in Veblenian terminology, “getting something for nothing”.

In terms of lifestyle, central to pecuniary culture are the interrelated phenomena of conspicuous consumption, invidiousness, and waste. According to Veblen (1994, p. 61), people seek social recognition and respect through the pretentious display of their consumption activities. Considerable resources invested in this kind of conspicuous consumption and in the establishment of related invidious distinctions represent waste from the perspective of “usefulness as seen from the point of view of generically human”. Moreover, in contrast to specific needs of material self-provisioning, the desire for conspicuous consumption is insatiable and thus potentially self-reinforcing. According to Levy (1994, p. 29):

Veblen’s synthesizing idea is that leisure class value and orientations would subjugate industry to business practices, concentrate wealth, prevent the production and distribution of essential goods and services, and create and sustain global poverty.

Of particular relevance to the present context is Veblenian analysis of private ownership as the major pecuniary institution:

The motive that lies at the root of ownership is emulation; and the same motive of emulation continues active in the further development of the institution to which it has given rise and in the development of all those features of the social structure which this institution of ownership touches. The possession of wealth confers honour; it is an invidious distinction (Veblen, 1994, p. 17).

In contrast to the orthodox economic doctrine about the productivity-enhancing effects of private ownership, Veblen (1958) argued that this institution is at best permissive

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of productivity improvements, with actual improvements often being delayed and incomplete in comparison to what is technologically feasible.

### **3. Bogdanov on the evolution of systems**

#### *3.1 Tektology and the general systems theory*

Bogdanov (1980) designated his version of the general systems theory as “Tektology”, meaning “universal organizational science”. Originally published in the 1920s, Tektology prefigured later developments in the general systems theory (Bello, 1985; Dudley, 1996). At least in terms of its motivation and goals, Tektology is comparable to Ludwig von Bertalanffy’s general systems theory that was published approximately 15 years later (Bello, 1985). Both Bogdanov and Bertalanffy were concerned with the problems of excessive specialization in their contemporary societies and share the view of the systems organization of the universe (Bello, 1985; Dudley, 1996). Both acknowledged important isomorphisms in nature and society and argued that their systematic examination may help avoid duplication of effort in special sciences.

The contributions of Bogdanov to the systems theory and to social science more generally have been widely discussed in the literature (Gorelik, 1983; Mansueto, 1996; Gare, 2000); of particular relevance to the present context are social and philosophical implications of Tektology. In this line, Bogdanov emphasized that excessive specialization may result in excessive social stratification along the divisions of class and gender. Building upon the Marxian critique of capitalism, Bogdanov argued that specialization fails to meet the complexity of social production. According to him, at the heart of the emergence of higher and lower social classes is the divergence between organization and execution of production. Indeed, he contradicted Marx in defining upper social classes primarily in terms of their superior knowledge about production organization, rather than in terms of their ownership of the means of production. In a highly original argument reminiscent of Deweyian pragmatism, Bogdanov considered the divergence between organization and execution of production to be the basic reason for the emergence of philosophical dualisms, such as those between mind and matter or body and soul.

#### *3.2 The evolutionary ideas of Tektology*

Bogdanov’s understanding of evolution of systems is framed by the notion of divergence that may be intra-systemic or inter-systemic. Intra-systemic divergence refers to progressive differentiation of elements within a system. At the inter-systemic level, divergence means that the interaction with the environment makes systems progressively different from each other. Based on this notion, Bogdanov treats the evolution of nature as the cumulative divergence between organic and non-organic matter, and the evolution of life as the cumulative divergence between the kingdoms of plants and animals. A central example of cumulative divergence in society is the progressive development of the social division of labor as it means the growing differences between specialized actors and groups.

Bogdanov emphasizes that particular patterns of systemic divergence are contingent on specific types of the environment. In Bogdanov’s terminology, the environment “selects” for systems that are most adapted to it, i.e. favors better adapted systems over less adapted ones, thus leading to the growth of the former systems and the elimination of the latter ones. According to him, all social life can be understood as deliberate



human selection for those (social and natural) systems that correspond to social purposes and elimination of those systems that fail to do so. For example, the progressing social division of labor constitutes a social environment that tends to select for less conservative and rigid institutions, as such institutions are less effective in processing the growing technological complexity. Obviously, this evolutionary argument fits squarely with Veblenian concerns about constraining influence of rigid institutions on the development of increasingly complex technology.

Central to Bogdanov's understanding of systemic evolution is the acknowledgment of adverse consequences of excessive intra-systemic divergence for the survival of the systems in question. Excessive intra-systemic divergence ("mechanization" in the terminology of Bertalanffy (1968)) means excessive differentiation of elements within the system. It is excessive in the sense that it may make the elements too different from each other and thus lead to the disorganization of their encompassing system. One of Bogdanov's examples of excessive divergence in the social life refers to excessive differentiation between higher and lower social classes. Yet another example is the divergence between the roles of particular market actors, such as between buyers and sellers or between competitors. This divergence may become problematic if these actors seek to damage each other and thus pursue their differential advantage to the detriment of the community. Indeed, the Veblenian pecuniary-industrial dichotomy and its concern with the societally disadvantageous pursuit of differential advantage may be seen as the paradigmatic example of Bogdanov's concerns with excessive social differentiation inherent to capitalism.

Bogdanov argued that the adverse consequences of excessive intra-systemic differentiation can be addressed through the mechanism of "counter-differentiation", i.e. through resisting the specific type of differentiation that is causing problems. To take an example from the social life, excessive divergence may refer to the increasing cultural differences between ethnic groups with the growing hostilities and intolerance as a result. In this case, counter-differentiation may take the form of increasing communication between these groups allowing them to mutually benefit from their combined cultural achievements. Of particular interest to Bogdanov is the counter-differentiation of social classes. He explained the evolution of capitalist society in terms of counter-differentiation of excessively divergent social classes of the feudal system. Applying the same reasoning to the capitalist society, he pointed out the problems of excessive divergence between capitalists and workers and called for the respective counter-differentiation in the form of the social control of industry, along the lines reminiscent of Veblen and Marx.

### *3.3 Reconstructing the Veblenian critique of pecuniary culture*

Both Bogdanov and Veblen seem to locate the basic problem of capitalist society in the controversy between the collective nature of technology and individual pursuit of differential advantage by market actors. Given this commonality, Bogdanov's evolutionary systems theory can potentially inform the Veblenian pecuniary-industrial dichotomy by specifying it in terms of the above-mentioned notions of selection and divergence. Pecuniary culture may thus be seen as a particular mode of selection of social systems, with preference being given to systems associated with greater pecuniary value. However, according to Veblen, what people ultimately strive at is instrumental value (i.e. quality of community life). Yet, constructing a social environment systematically

selecting for instrumental value exceeds human cognitive capacity in view of the complex multidimensional nature of this value. Thus, in the selection process, pecuniary value is used as a proxy for instrumental value, and Veblen blames orthodox economics for its failure to acknowledge this proxy relationship.

At the same time, in his argument that the social life generally has the character of the selection process, Bogdanov acknowledged that cognitive limitations often prevent people from directly selecting for their ultimate value and thus necessitate the unavoidably imperfect indirect selection. Pecuniary culture can accordingly be seen as an instance of the indirect selection for pecuniary value, since the direct selection for instrumental value exceeds human cognitive capacities. Like any type of indirect selection, pecuniary culture is problematic. Veblen saw its major problem in its wastefulness. Bogdanov's ideas about divergence can specify the wastefulness problem in terms of its association with undesirable types of social differentiation. Specifically, pecuniary culture engenders excessive divergence between the upper leisure class and lower classes, between industrial and pecuniary employments, and between instrumental and pecuniary value more generally. Wastefulness is a result of this excessive divergence.

As discussed above, Bogdanov's response to the problem of excessive divergence is counter-differentiation. Given the pecuniary value as the basis for the selection engendering the undesirable divergence, counter-differentiation must involve some kind of questioning the relevance of pecuniary value and pecuniary culture more generally. Unsurprisingly, both men were sceptical about pecuniary culture; indeed, both were sympathetic with socialism and conceived radical ways of this counter-differentiation. The next section will explore the problem of excessive divergence on the example of rural and urban areas, and will elaborate on the possible forms of counter-differentiation that is suited to the rural development context.

#### 4. Toward an explanation of the rural third sector

##### *4.1 Pecuniary selection and rural-urban divergence*

The preceding discussion has shown the Veblenian pecuniary-industrial dichotomy to be an evolutionary outcome of the Bogdanov's process of systemic divergence occurring in the regime of pecuniary selection corresponding to the Veblenian notion of pecuniary culture. However, a careful reading of Veblen reveals that pecuniary culture is a regionally non-neutral phenomenon that entails differences in the economic role of urban and rural regions. When combined with Bogdanov's systemic divergence, these differences engender rural-urban divergence that can evidently be as excessive and problematic as the Veblenian divergence between industrial and pecuniary value. The resulting rural-urban divergence can be rationalized along two lines: urban advantage and rural disadvantage.

Urban advantage becomes evident upon considering that pecuniary employments, contrasted by Veblen with industrial employments, are a distinctively urban phenomenon. Likewise urban is the pecuniary leisure class which is the main object of Veblen's (1994) social satire. Indeed, according to Veblen (1994, p. 54), "conspicuous consumption claims a relatively larger portion of the income of the urban than of the rural population, and the claim is also more imperative". Veblen (1994) argued that pecuniary culture evolves within the pecuniary leisure class and then spreads into the lower classes that are thus led to assimilating the "pecuniary canons of taste". Evidently, given the urban nature of the pecuniary leisure class, the spread of pecuniary



culture has a regional dimension as well: it is directed from urban to rural regions. Thus, the most immediate regional implication of Veblenian argument is that, through the urban location of pecuniary employments, pecuniary culture favors urban regions over rural ones. Urban regions become better developed because they provide space for the pecuniary leisure class and pecuniary employments.

In contrast to urban advantage, rural disadvantage is a less straightforward implication of the Veblenian dichotomy, yet it can be indirectly drawn upon considering the relationship between pecuniary value and the basic characteristics attributes of rural areas. Rural development scholars generally recognize that rural areas in both developed and developing countries do have a number of common socio-economic characteristics that ultimately boil down to reducing the return on for-profit firms' investment. In developed countries, these characteristics most importantly include a relatively low population density and per-capita incomes, significant geographic dispersion of consumers and producers, and relatively poor infrastructure (Terluin, 2001; Baum and Weingarten, 2004). For developing countries, this list must be supplemented by the thinness of markets and significant contractual uncertainties (Kydd and Dorward, 2004). All these characteristics adversely affect the possibility of generating pecuniary value in rural areas. Consequently, in the pecuniary culture driven by differential advantage, resources will be withdrawn from rural areas, where they can generate less pecuniary value, and redirected to urban areas which have a greater pecuniary value-generation potential. Rural-urban disparities are a natural consequence of this withdrawal.

In his argument about the polarization tendencies in regional development, Gunnar Myrdal conceptualized the relationship between well-developed and underdeveloped regions in terms of "spread effects" and "backwash effects". The former effects refer to the spread of "expansionary momentum from the centers of economic expansion to other regions" (Myrdal, 1957, p. 31); the latter indicate the cumulative reinforcement of regional disparities through a number of economic mechanisms, such as migration, capital movements, and trade. In Myrdallian terms, the impact of pecuniary culture on rural-urban divergence is purely of the nature of backwash effects, with no support to spread effects whatsoever. Putting it bluntly, pecuniary culture promotes urban advantage at the cost of rural disadvantage. The Veblenian pecuniary-industrial dichotomy is thus particularly dramatic in rural areas, in the sense that the pursuit of pecuniary value is particularly likely to result in backwash effects rather than in improvements of the quality of rural life (i.e. attainment of instrumental value).

#### *4.2 Rural third sector as counter-differentiation*

As argued above, the contribution of Bogdanov's evolutionary systems theory to understanding rural-urban disparities is in interpreting these disparities in terms of excessive systemic divergence and in stimulating the search for the appropriate measures of counter-differentiation. Given that rural-urban divergence is an evolutionary outcome of pecuniary selection, what needs to be addressed through counter-differentiation is pecuniary culture. Some of Veblen's major criticisms of pecuniary culture refer to the divergence between pecuniary and instrumental value and to the differential advantage nature of private ownership. Accordingly, the counter-differentiation of pecuniary culture must counteract both of these problems, and this is where the basic role of the third sector

can be seen. Third sector organizations generally are not profit-oriented but mission-oriented, with missions being nonpecuniary goals; furthermore, these organizations are based on attenuated, rather than full, private ownership because they constrain or eliminate the distribution of residual earnings to any controlling stakeholders (Borzaga *et al.*, 2011). Thus, third sector organizations question pecuniary culture by pursuing nonpecuniary goals and attenuating private ownership, and this is the reason why they can improve the quality of rural life in ways not accessible to for-profit firms which are concerned primarily with pecuniary value.

Indeed, rural development scholars accumulated significant evidence of the diverse contributions that rural third sector organizations make to promoting the development of areas in which they operate. In many parts of the world, rural third sector organizations tackle the problems of rural transportation, health care, social service delivery, education, community development, and diversification (Iliopoulos and Valentinov, 2009; Valentinov, 2009; OECD, 2006; Uphoff, 1993). Crucially, the reasons why third sector organizations engage in these activities are unrelated to the pursuit of pecuniary value; this unrelatedness is indeed the major condition of these organizations' sustainable operation. In terms of the Veblenian pecuniary-industrial dichotomy, the missions of third sector organizations embody those aspects of instrumental value (i.e. improvements in the quality of community life) that cannot be attained by for-profit firms seeking pecuniary value. In Myrdallian terms, rural third sector organizations realize spread effects, as their activity boils down to utilizing general civilizational attainments (like transport or medical equipment) for solving the problems of peripheral areas.

To be sure, the suggested counter-differentiation role of the third sector is not specific to rural areas; it is applicable to any regional context that is institutionally shaped by pecuniary culture. However, to the extent that the basic characteristics of rurality make the divergence between pecuniary value and instrumental value particularly severe, they dictate the rurality-specific need for the operation of third sector organizations. Not only is the generation of pecuniary value constrained in rural areas, thus making these areas a less attractive location for for-profit firms; but in addition to that, agriculture and rurality are acknowledged to generate non-market benefits that are unlikely to be generated by for-profit firms even if these firms would be there (Timmer, 1995). These benefits arise in connection with the multifunctional character of agriculture, that is, the joint production of commodity and non-commodity outputs, the latter of which often possess public goods attributes (OECD, 2003; Hagedorn, 2007). A further aspect of multifunctionality is the elimination of negative externalities associated with agricultural production. Particularly in the advanced countries, stimulating the production of valuable agricultural non-commodity outputs and eliminating negative externalities have become major political priorities that call for the operation of third sector organizations. It bears repeating that the ability of these organizations to address the multifunctionality challenge is predicated on their direct pursuit of instrumental value without the intermediation of pecuniary motivation.

## 5. Concluding remarks

The origin of rural-urban disparities has been traditionally traced back to the process of urban agglomeration; in contrast, this paper has argued that the actual effect of urban agglomeration on these disparities is determined by the institutional structure. It is the institutional structure that determines the relative roles of Myrdallian

backwash and spread effects; without the specification of these effects, the effect of urban agglomeration on rural-urban disparities is, strictly speaking, indeterminate. Building on Veblen's elaboration of the notion of pecuniary culture, this paper has argued that pecuniary culture presents an institutional context leading to the prevalence of backwash effects that exacerbate rural-urban disparities. Counteracting these disparities calls for alternative institutions that question the basic ingredients of pecuniary culture, such as private ownership and pecuniary motivation. A major type of this alternative institution is the third sector. The problem-solving capacity of third sector organizations has been shown to be crucially linked to their profit appropriation constraint and the nonpecuniary motivation of their key stakeholders.

While Veblen developed a famous criticism of pecuniary culture, he has not been directly concerned with rural-urban disparities. This paper has brought Veblenian insights to bear on rural development by developing their common frame of reference on the basis of Bogdanov's Tektology. Bogdanov argued that the process of differentiation, while basic to systemic evolution, potentially leads to excessive divergence between the concerned systems and thus endangers their survival. According to Bogdanov, the excessive divergence problem can be addressed by the appropriate counter-differentiation mechanisms. Thus, Bogdanov's Tektology allowed to identify the common problem of pecuniary culture and rural development as the excessive divergence between pecuniary and industrial value and between rural and urban quality of life, respectively. Moreover, these divergence problems are interrelated since both arise from systemic differentiation based on pecuniary culture. Thus, the relevant counter-differentiation mechanism must be addressed against pecuniary culture, in ways that are known from the activity of third sector organizations. The specific contribution of Tektology is in showing the counter-differentiation role of the third sector as a necessary evolutionary consequence of pecuniary culture, which is particularly problematic in rural areas.

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